

The Energy Revolution

The explosive growth of industry and gains in wealth during the twentieth century were the result of the affordable energy provided by oil.

"From the rock-oil might be made as good an illuminant as any the world knows. It also yields gas, paraffin and lubricating oil. In short, your company will have in their possession a raw material from which, by a simple and not expensive process, they may manufacture very valuable products."

Benjamin Sillian, 1855

Birth of Industry

1859 Drake Well



Photo by Drake Well Museum

Colonel L. Drake

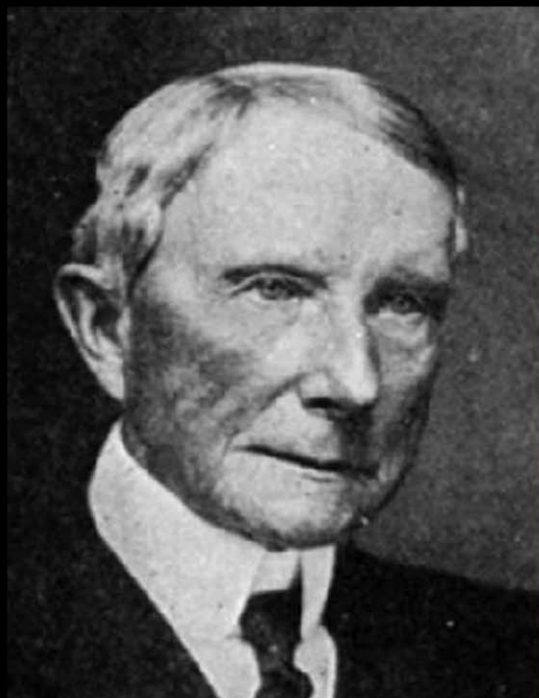
Like the 1849 gold rush region of California, a similar phenomenon took place a decade later in 1859 in America's eastern wilderness, but this time the beacon was crude oil and the place was Oil Creek in northwest Pennsylvania. It was here at Titusville on August 27, 1859 that the first oil well was drilled by Colonel L. Drake. The allure of the fledgling oil industry, like that of gold, tapped one of mankind's greatest emotions, the thrill of discovery. For some, the quest for oil led to great riches, while for others it led to dry holes and tragedies.



Photo By Drake Well Museum

First Major Oil Company

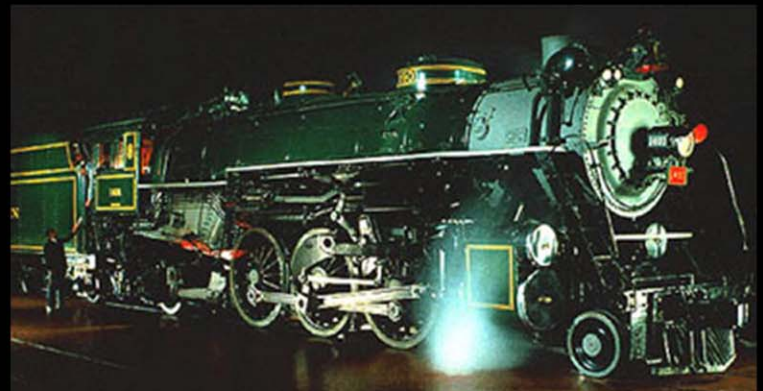
Standard Oil



John D. Rockefeller
1839-1937

Cleveland, O., June 15, 1888.
Dear Sir:
We desire to call your attention to our PRIZED "Great 800" Flat Glass Burning Oil, which has gained for itself no valuable reputation both for its great illuminating powers -- giving a brilliant white flame -- and for its wonderful safety properties, being superior to all other burning oils in this respect, withstanding a heat of 300° F. before igniting, for which reason it is especially adapted for use in Railway Coaches and Passenger Steam Boats. It is now being extensively used for this purpose all over the United States and Canada.
Very Truly,
Standard Oil Company.

Standard Oil advertisement for the use of oil in trains and steam boats.



- 1870 The Standard Oil Company of Ohio is founded by John D. Rockefeller in Cleveland, Ohio, with less than a 4% share of the refined oil business and more than 250 competitors in the U.S.
- 1871 The South Improvement Company is formed to pool oil transportation on railroads. Standard Oil as the main shareholder starts controlling the purchase and shipping of crude oil.
- 1873 John D. Rockefeller controls 80% of the refining capacity in Cleveland; a third of the nation's total.
- 1879 Standard Oil shuts down 31 of its 53 refineries and concentrates production in three giant refineries.
- 1880 Standard Oil controls almost every refinery in the U.S. and has more than \$40 million in cash.
- 1882 All the companies that make up Standard Oil are transformed into the Standard Oil Trust, the first big trust in the U.S.
- 1882 The Supreme Court of Ohio dissolves the Trust, which was reincorporated in New Jersey, a state that allowed corporations to own stock in other corporations.
- 1890 Congress passes the Sherman Antitrust Act and the Standard Oil Trust is again dissolved, and reincorporated, once more in New Jersey as a holding company.
- 1900 The Standard Oil Company controls more than 90% of the refined oil in the U.S.
- 1911 The Supreme Court rules that the Standard Oil Company must break up into smaller, competing companies.



John D. Rockefeller as a young man. He was twenty three years old when he first went into the oil business, but he already had his feet firmly on the business ladder, and had gotten them there by his own efforts.

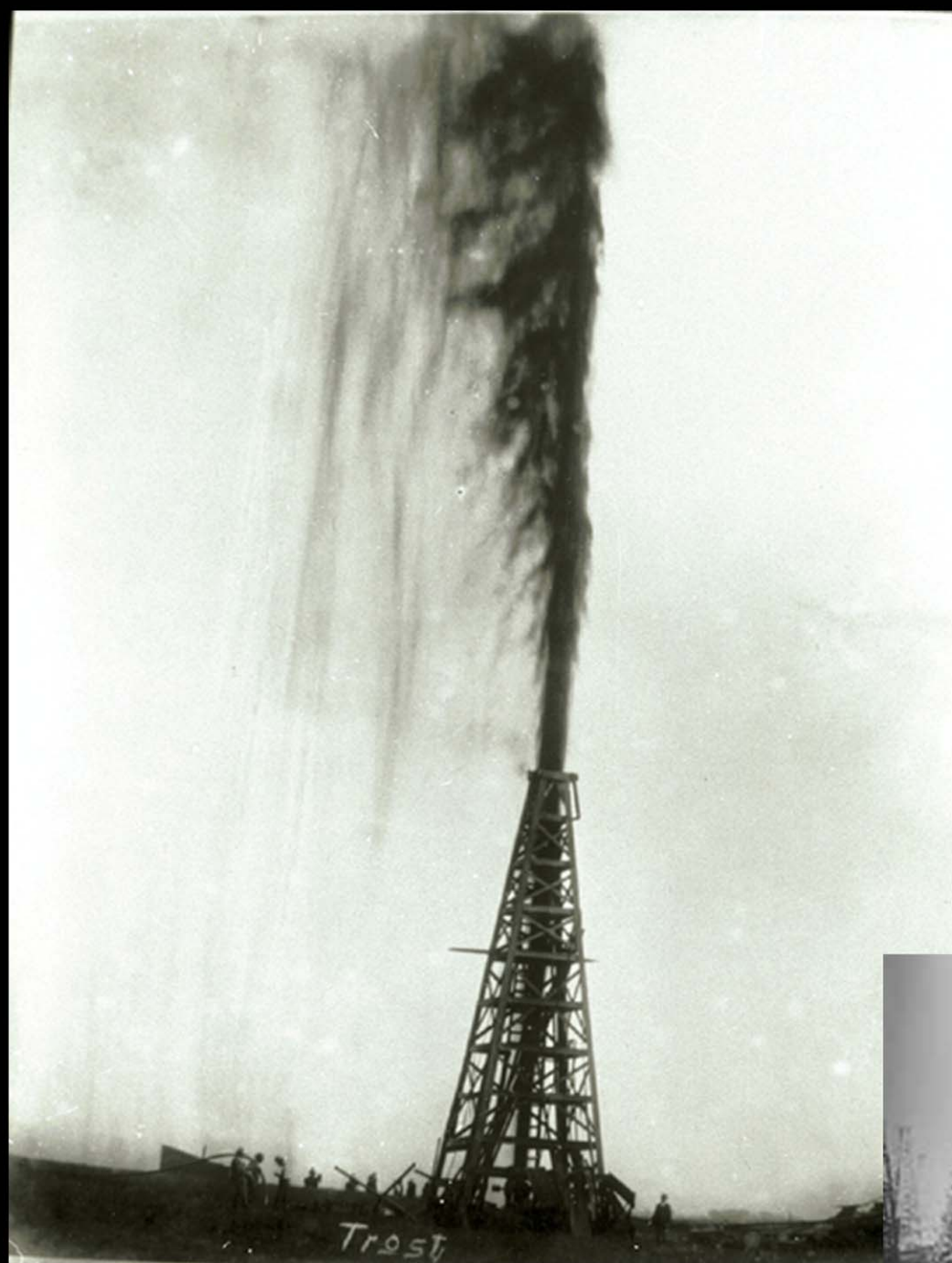


The Supreme Court found the Standard Oil Trust in violation of the 1890 Sherman Antitrust Act because of excessive restrictions to trade. The court cited Standard Oil's practice of buying out the small independent refiners and that of lowering the price in a given region to force its competitors into bankruptcy the chief violations of the antitrust law. The court ordered the Standard Oil Trust to dismantle 33 of its most important affiliates, giving the stocks to its own shareholders and not to a new trust. From these offspring came some of these familiar oil companies: Amoco, Conoco, Mobil, Exxon, SOHIO and Chevron.



Abundant Supply

Beginning of Modern Industry



The Spindletop well blew all the drill pipe out of the hole. The blowing well elated Lucas and his crew, as they watched from a safe distance. They estimated that Spindletop flowed over three million gallons of oil per day.



Spindletop's Boiler Avenue 1903: more than 400 wells had been drilled on the dome. (photo: American Petroleum Institute)



Captain Anthony F. Lucas

January 10, 1901: Before the discovery of oil at Spindletop Hill, Texas, what was considered to be a big producer flowed 50 barrels of oil per day. The Lucas well produced 1,600 times that amount. It showed that buried layers of rock could contain tremendous amounts of oil. What is more, it proved that rotary drilling was an effective way to obtain it. Spindletop marked the beginning of the modern petroleum industry.

Naval Petroleum Reserves

Future Oil Supply



September 2, 1912:

The Naval Petroleum Reserve #1 at Elk Hills Oil Field, CA, and the Naval Petroleum Reserve #2 at Buena Vista Hills Oil Field, CA, were both established by President William H. Taft.

"As not only the largest owner of land, but as a prospective large consumer of oil by reason of the increasing use of fuel by the Navy, the Federal Government is directly concerned both in encouraging rational development and at the same time insuring the longest possible life to the oil supply."

Message to Congress by President Taft, December 6, 1910

